



DATE: October 21, 2025

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT: Adopt a Resolution Approving Addenda Nos. 1 Through 7, Denying the Request for Bid Relief of DeSilva Gates Construction, and Awarding a Construction Contract to DeSilva Gates Construction in the Amount of \$5,269,800, in Addition to Approving \$526,980 in Administrative Construction Contingency for the Hayward Executive Airport – Taxiway A1 and Taxiway Z West Reconstruction Project, Project Nos. 06819, 06864, and 06890

RECOMMENDATION

That the City Council adopts a resolution (Attachment II) approving Addenda Nos. 1 through 7, which were issued to make revisions to the plans and specifications and to answer bidder clarification questions, denying the request for bid relief submitted by the low bidder DeSilva Gates Construction and awarding a construction contract to DeSilva Gates Construction in the amount of \$5,269,800 and authorizing an Administrative Construction Contingency budget of \$526,980, for a total not-to-exceed contract amount of \$5,796,780 for the Taxiway A1 and Taxiway Z West Reconstruction Project, Project Nos. 06819, 06864, and 06890.

SUMMARY

The Hayward Executive Airport is owned and operated by the City of Hayward. The Airport is obligated to preserve the safe and beneficial use of airfield facilities, including runways, taxiways, aprons, and other infrastructures, by preserving and maintaining airfield pavements to industry-standard levels. This project reconstructs two taxiways at the Airport. On April 15, 2025¹, the City Council approved the plans and specifications and authorized the solicitation of construction bids for construction of the project.

On May 27, 2025, City received three (3) construction bids, each for the base bid plus two alternate bids for a grand total bid amount of \$5,269,800, \$7,711,243, and \$7,886,170. (Attachment III). All bids received were over the Engineer's Estimate (EE) of \$4,897,540. The apparent low bid was \$5,269,800, which was \$372,260, or 7.6% above the EE. The second low bid at the time of bid opening was \$7,726,170 which contained arithmetic errors. The

¹ <https://hayward.legistar.com/LegislationDetail.aspx?ID=7299985&GUID=289C59F3-944D-49CA-B8B0-FAACB95BFD77&Options=&Search=>

corrected bid amount was \$7,886,170, or \$2,988,630 (61%) above the EE, making this the highest bid. The third bid at the time of bid opening was \$7,809,263 which also contained errors. The corrected bid was \$7,711,243, or \$2,813,703 (57%) above the EE, making this the second low bid.

On June 2, 2025, the apparent low bidder, DeSilva Gates Construction, submitted a letter requesting the City to grant bid relief in accordance with Caltrans Standard Specifications. They contended errors made in their submitted bid would prevent them from executing the project efficiently and effectively. After careful review of the request, staff recommends denying it because the criteria for bid relief have not been met.

Staff is requesting City Council's approval of Addenda Nos. 1 through 7, which were issued to revise the plans and specifications and to answer bidder clarification questions. Staff recommends awarding the construction contract to the responsible low bidder, DeSilva Gates Construction of Dublin, CA, in the amount of \$5,269,800, and approving an Administrative Construction Contingency (change order) Budget of \$526,980 for a total of \$5,796,780.

Staff informed DeSilva Gates Construction of the denial of their bid relief request and the subsequent award of the contract to them. DeSilva Gates Construction indicated they are prepared to proceed with construction of the project.

This project has no impact on the General Fund or Measure C.

FISCAL IMPACT

The Project Estimated Cost & Source of Funding with the breakdown for the project costs is as shown below:

ESTIMATED PROJECT COST	
Construction Contract	\$5,269,800
Construction Contingency (10%)	\$526,980
FAA Reimbursable Agreement	\$118,704
Environmental Cost	\$26,730
Independent Fee Estimate	\$5,000
Design (Taxiway Alpha 1)	\$135,539
Administration, Staff Costs	\$229,086
Estimated Construction Management Services (including Inspection, Material Testing & Related Tasks)	\$1,240,000
Estimated Stormwater Compliance related cost and potential Taxiway Zulu Intersection Paving	\$2,433,128
Estimated Project Total	\$9,984,967
Design Cost (Taxiway Zulu), administrative services & in-house costs	\$675,587
Grand Total	\$10,660,554

SOURCE OF FUNDS

FAA AIP & AIG, 95% of Construction Cost (exclude contingency)	\$8,985,088
Caltrans	\$150,000
City Contribution	\$322,899
City Contribution Contingency, if necessary	\$526,980
Project Total	\$9,984,967
Design Cost (Taxiway Zulu) – FAA AIP Grant	\$675,587
Grand Total	\$10,660,554

The Adopted FY 2026 Capital Improvement Program included funding for the design services projects, and other requested services in the Airport Capital Fund (Fund 621), which is an Enterprise Fund, as follows:

Project No. 06864 Taxiway A1 and Taxiway Z Pavement Rehabilitation Construction	\$5,324,000
Project No. 06890 Pavement Rehabilitation remaining in FY25	\$2,332,000
Project No. 06819 Taxiway Zulu Pavement Rehabilitation Design	\$1,057,000
Total	\$8,713,000

Staff may return to the City Council for authorization if a construction management services vendor is selected.

BACKGROUND

On June 20, 2023², City Council authorized a Professional Services Agreement with Tartaglia Engineering for Design Services for the Taxiway Reconstruction Project. The original design services related to reconstruction of Taxiway Z from Taxiway F to Taxiway D with two (2) additive alternatives including reconstruction of Taxiway A1 and reconstruction of the Taxiway Z & Taxiway D intersection. In Fall 2024, the design scope was revised due to funding constraints and uncertainty regarding federal & state grant funding availability, retaining a base bid for a portion of Taxiway F and including design additives for another portion of Taxiway F and Taxiway A1.

On April 15, 2025³, the City Council approved the plans and specifications prepared by Tartaglia Engineering, authorized City Manager to submit grant funding applications to Federal & State agencies and further authorized the call for bids for construction of the project.

On November 15, 2016⁴, the City Council passed a resolution authorizing a Community Workforce Agreement (CWA) with the Alameda County Building Trades Council, which applies to City projects with construction engineer's estimate of \$1,000,000 or more. The

² <https://hayward.legistar.com/LegislationDetail.aspx?ID=6264031&GUID=AC9BBDE2-46C0-4798-914E-39E4C9BF3EC8&Options=&Search=>

³ <https://hayward.legistar.com/LegislationDetail.aspx?ID=7299985&GUID=289C59F3-944D-49CA-B8B0-FAACB95BFD77&Options=&Search=>

⁴ <https://hayward.legistar.com/LegislationDetail.aspx?ID=2882111&GUID=118B2EF9-1D2C-471F-999E-4BE0929706A0&Options=&Search=>

agreement requires contractors to use local union hiring halls, encourages contractors to employ Hayward residents or Hayward Unified School District graduates, and requires hired workers to pay union dues and other benefit trust fund contributions, etc. On June 17, 2025, the City Council passed a resolution updating the CWA with updates to definitions, scope of the agreement, union representation & referral and the term of the CWA expiring on July 15, 2030. Because the construction engineer's estimate for Taxiway A1 and Taxiway Z West Reconstruction Project is more than \$1,000,000, the CWA agreement applies to this project; however, since this project advertised before June 17, 2025, this project will use the original CWA.

DISCUSSION

On May 27, 2025, City received three (3) construction bids ranging from \$5,269,800 to \$7,886,170. All bids received were over the Engineer's Estimate of \$4,897,540. DeSilva Gates Construction submitted the apparent low bid in the amount of \$5,269,800, which was 7.6% above the EE. The second low bid at the time of bid opening submitted by D-Line Constructors, Inc., was \$7,726,170 and contained arithmetic errors with the corrected bid amount of \$7,886,170, or \$2,988,630 (61%) above the EE, making this the highest bid. The third bid at the time of bid opening submitted by Teichert Construction was \$7,809,263 which also contained errors. The corrected bid was \$7,711,243, or \$2,813,703 (57%) above the EE, making this the second low bid.

Staff attributes the price difference between the Engineer's Estimate and the bids received primarily to two factors:

1. Delayed start date – the Engineer's Estimate originally assumed a Fall 2025 construction window. However, the start date was postponed to April 2026 to avoid anticipated air traffic impacts from Super Bowl related activities in the region. Construction during events such as the Super Bowl pose a safety risk for transient aircraft not familiar with the airport and construction activities. The new timing likely placed the project in a more competitive Spring construction season.
2. Inflation and market volatility – Prices, including asphalt, remain unstable. As the FAA Specifications do not allow for post-bid cost increases and with suppliers typically only locking in rates for 90-120 days, contractors must account for future price risks.

On June 2, 2025, DeSilva Gates Construction (DGC) submitted a formal letter requesting bid relief pursuant to the Caltrans Standard Specifications. In their request, DGC cited several major errors in their submitted bid, specifically the omission of work items and quantities related to pulverization and hot mix asphalt paving bid items which are two major components of the project. DGC also stated that these errors would prevent them from executing the project efficiently and effectively. Staff carefully reviewed the request and determined that the criteria for bid relief had not been met. Staff recommends denial of the request.

Staff recommends awarding the construction contract to DeSilva Gates Construction of Dublin, CA, in the amount of \$5,269,800, and approving an Administrative Construction Contingency (change orders) budget of \$526,980 for a total not-to exceed amount of \$5,796,780. The additional \$526,980, or 10% of the bid amount, is included in the event additional funds are needed for unforeseen conditions and changes during construction.

The California Environmental Quality Act (CEQA) and the National Environmental Protection Act (NEPA) apply to this project. Staff anticipates securing both environmental documents and achieving full compliance with CEQA & NEPA requirements prior to the estimated construction start date of April 1, 2026. Applicability of the Municipal Regional Stormwater Permit C.3 guidelines, which pertains to the management and treatment of stormwater runoff is currently being evaluated to achieve compliance prior to the start of construction. The project may also require approval from the Alameda County Flood Control and Water Conservation District related to stormwater discharge into Sulphur Creek. It is anticipated that all necessary C.3 & County compliance will be obtained prior to construction.

ECONOMIC IMPACT

Hayward Executive Airport provides both direct and indirect economic value to the City and surrounding areas. Maintenance and rehabilitation of airfield pavement, electrical systems, drainage improvements and the graded infield areas adjacent to and between runways and taxiways, preserving and enhancing these features to FAA design standards, are essential goals for the long-term functionality and safe use of the airport. The identified taxiway reconstruction project is in line with those goals. Maintaining airfield facilities including runways, taxiways, aprons, and other airfield pavements, is cost prohibitive without grant funding.

The Airport's taxiway rehabilitation projects will ultimately generate work for skilled and unskilled tradespeople during the construction phase. The CWA agreement requires contractors to use local union hiring halls, encourages contractors to employ Hayward residents or Hayward Unified School District graduates, and requires hired workers to pay union dues and other benefit trust fund contributions.

STRATEGIC ROADMAP

This agenda item supports Strategic Priority of Improve Infrastructure. Specifically, this item relates to the implementation of the following projects:

Project N12: Upgrade and Maintain Airport Infrastructure and facilities.

While the city's airport was not contemplated in the Fiscal Year 2025 Strategic Roadmap, the proposed taxiway improvement aligns with the Invest in Infrastructure core priority, specifically:

Objective 1: Invest in multi-modal transportation.

Objective 2: Invest in City-owned facilities & property.

SUSTAINABILITY FEATURES

The Airport is strongly committed to developing projects that are environmentally responsible. Project documents require the contractor to pulverize existing asphalt pavement and aggregate base in-place, blend the material, and place the recycled product back into the structural section as a sub-base material. Additionally, all miscellaneous metals and removed concrete are to be delivered to a certified recycling facility.

PUBLIC CONTACT

Necessary construction information has been and will continue to be shared with airport tenants, users, general public, community members, and other stakeholders impacted by the project. The agenda and staff report for this item have been posted on the City's website and distributed to interested parties. Airport users and FAA staff, including control tower representatives, will be invited to a pre-construction conference where the scope and schedule of improvements and activities will be presented, and short-term impacts to the airfield operation will be discussed.

NEXT STEPS

If the City Council approves the requests, the City Manager will execute the construction contract with DeSilva Gates Construction for the reconstruction of airport taxiway project.

The following is the tentative schedule for this project:

Begin Construction	Spring 2026
Complete Construction	Winter 2026

Prepared by: Sundaresh Begur, Associate Civil Engineer

Reviewed by: Dave Hung, Acting Deputy Director of Public Works

Recommended by: Alex Ameri, Director of Public Works

Approved by:



Jayanti Addleman, Interim City Manager